

# FORMOSA SPEAKS

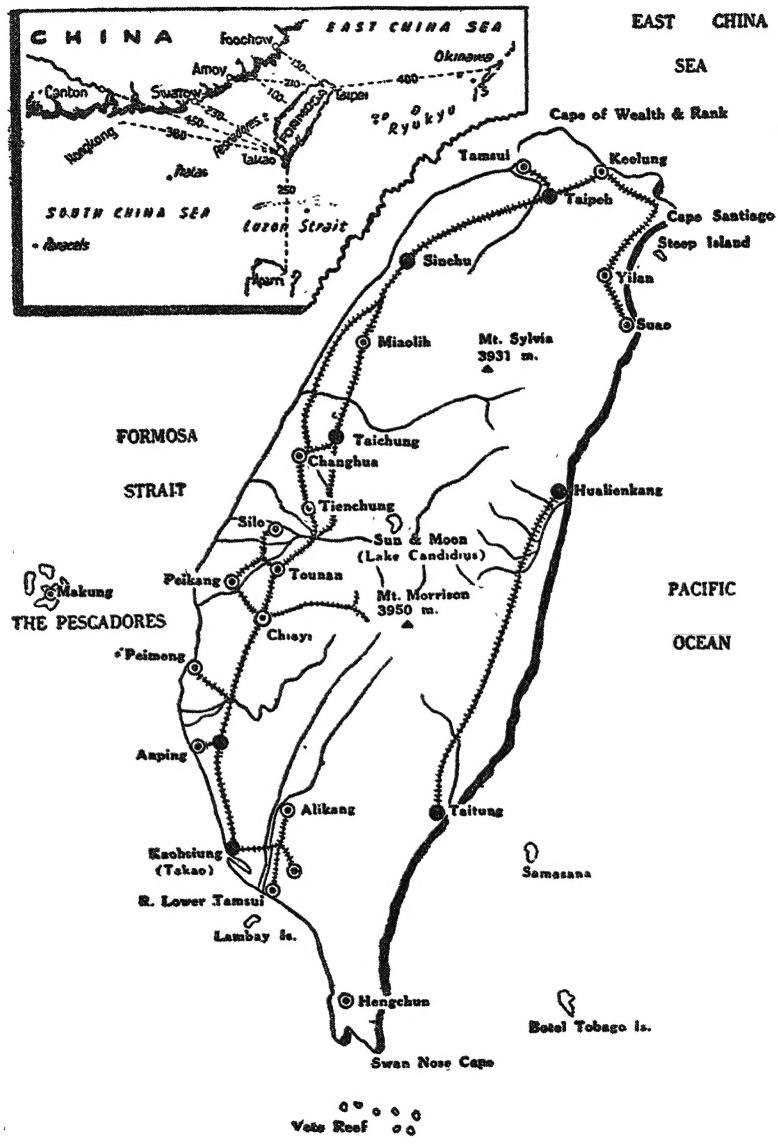
JOSHUA LIAO, PH. D. (CHICAGO)

THE MEMORANDUM SUBMITTED TO THE UNITED  
NATIONS IN SEPTEMBER, 1950 IN SUPPORT OF  
THE PETITION FOR FORMOSAN INDEPENDENCE

BY

THE FORMOSAN LEAGUE FOR RE-EMANCIPATION

1950



# FORMOSA SPEAKS

**JOSHUA LIAO, PH. D. (CHICAGO)**

THE MEMORANDUM SUBMITTED TO THE UNITED NATIONS IN SEPTEMBER, 1950 IN SUPPORT OF THE PETITION FOR FORMOSAN INDEPENDENCE

BY

# THE FORMOSAN LEAGUE FOR RE-EMANCIPATION

PRINTED BY  
GRAPHIC PRESS  
HONGKONG

PRICE U.S.\$1.00

## CONTENTS

### Preface

I. Formosa, Past and Present .....	1
II. Economic Exploitation of Formosa .....	23
III. Whither Formosa? .....	39
IV. Formosa's Demand for Independence .....	51

## ILLUSTRATIONS

1. The Oldest Map of the Far East .....	4
2. Banknote of the Formosan Republic .....	12
3. Stamps Issued by the Formosan Republic .....	13
4. Map of Formosa To-day.....	Back Page



## PREFACE

"They desire to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned," provides the Atlantic Charter formulated by President Roosevelt and Premier Churchill in 1941.

In 1943 the Cairo Conference attended by President Roosevelt, Premier Churchill, and Generalissimo Chiang Kai-shek decided to hand Formosa to China after the Japanese surrender. Such an arbitrary action was committed not in accordance with the freely expressed wishes of the Formosan inhabitants.

Historically, the Japanese in 1895 with brutal force occupied the island neither from the Manchus nor from the Chinese, neither from Chiang Kai-shek nor from Mao Tse-tung, but from its rightful inhabitants. Because the Manchu Court ceded Formosa to Japan not in accordance with its inhabitants' wishes, the Formosans established the independent Formosan Republic, though subsequently driven into colonial status. The Chinese Government by its inability to help the Formosans resist the Japanese invaders must have forfeited any claim to it long ago. Today the ejected regime from China seeking shelter in Formosa is not entitled to administer the island's state affairs because its status remains undecided pending the conclusion of the peace treaty with Japan. The Cairo decision must be abrogated because it contradicts the Atlantic Charter.

Besides, the misgovernment of Formosa must have disqualified China as a trustee power. Upon the Japanese surrender in August, 1945 every Formosan hoped to have liberty, equality, and fraternity if and when reunited with China as the people of Alsace-Lorrain with France. For five years after VJ Day, however, the Chinese officials and soldiers have been preaching fraternal reunion but practised colonial reconquest and committed all kinds of political outrages. In consequence, they have lost all Formosan loyalty and enthusiasm. Nowadays the Formosans hate the Chinese as much as the

Japanese. Not that they are revolting against China, but that the Chinese in Formosa as represented by the worst types of undesirables have deserted them. Having realized the futility of any further appeal for Chinese sympathy, they prefer to recover their independence lost in 1683 and 1895.

With their group-consciousness growing into Formosan Nationalism, neither Chinese-made nor Japanese-imported, the Formosan Patriots want to regain political independence through a plebiscite under neutral supervision, failing which recourse to arms will be the only alternative. For liberty and prosperity they are determined to fight on even longer than the Irish did.

What is Chiang Kai-shek, head of the Chinese Government in Formosa? In China he abused all administrative powers, arrogated all victory-merits, controlled the whole national treasury, and ignored the people's rights. When the Communists and the Democrats wanted to have peace with him, he declined their request; when the Nationalist officers and men were tired of fighting, he ordered them to the battle-front. In the end he incurred defeat after defeat, till his whole entourage was wiped out of China and has sought refuge in Formosa. In the island, though its legal status remains undecided, he has been issuing orders and enforcing decrees, commandeering provisions and conscripting labourers, like Maximilian over the Mexicans. In China one uniformed man is supported by one hundred civilians; in Japan and Germany one occupation soldier, by several hundred vanquished people; but in Formosa one refugee tyrant, by ten natives. With young and old, women and invalids, excluded, every two able-bodied Formosans have to house and feed one Chinese soldier. The "war debt" Formosa is paying China far exceeds the Japanese and the German war-reparations, indeed!

As to his henchmen and kinsmen in Formosa, their lack of public spirit caused the speedy and spectacular collapse of the Kuomintang Army and economy in China. After VJ Day they boasted of the quantities of the taken-over raw materials and finished products, trucks and boats, factories and machi-

nery, but, grabbed or wasted them instead of utilizing them for public interests and productive purposes. And, by forcing the people to convert their gold bars and foreign currencies into the Gold Yuan half a year before they evacuated Nanking they stripped many earnest citizens naked. What was true in China has been even more true in Formosa!

Unable to bear Chinese tyranny and robbery, we, Formosan Patriots, have been for years presenting the Case of Formosa before the civilized world for judging between the Chinese wrong and the Formosan right and by all means attempting to enlist foreign sympathies and contact the United Nations, SCAP, and Governments of the Democratic World. Now that the item, "The Question of Formosa's Future Status," submitted by the US Chief Delegate, Mr. Warren Austin, to the UN General Assembly, has been placed on the agenda, the island's future status must be changed according to its natives' aspirations.

Hwang Chao-ch'in, one of the new delegates whom the KMT regime has sent to the United Nations is a Formosan but in the capacity of the Chairman of the Taiwan Provincial Council and Governor of a KMT-sponsored bank cannot represent the Formosan people. It is therefore imperative that facts and aspirations be fairly presented by a free native Formosan to the United Nations, for which the present author has written down and sent out this memorandum, "Formosa Speaks."

The civilized world must consider the present status of Formosa as undecided and the ejected Chinese regime there as ex-lex and must give the Formosans a chance to decide their future status according to the Atlantic Charter. To uphold international justice, the United Nations should see to it that Lake Success become no Munich for selling a people like chattel attached to their inhabited land. It is therefore up to the United Nations to inaugurate an international administration: (1) To take over the government units from the present regime in Formosa, (2) to disarm the Chinese troops there and employ them for labour services pending their repatriation,

(3) to release all Formosans arrested on the charge of political treason (as the objective of Formosan loyalty remains also undecided), and (4) to allow free political activities of different parties in Formosa pending the holding of a plebiscite for (a) complete independence, (b) union with CCP China, and (c) retention of the KMT status quo.

Since only those who had been citizens of Formosa before VJ Day will be entitled to vote during the plebiscite held under neutral observation, we are absolutely sure an overwhelming majority of our people will vote for complete independence. They will become unhappy again if placed under any foreign rule that implies the revival of colonialism against which they have been fighting for three odd centuries. In population (over 7,000,000) and industry (throughout Asia only next to Japan) our country is comparable with the majority of the independent nations in the world; in cultural advancement (90% literacy) and social organization (well-organized and law-abiding) our people are highly qualified to manage their own affairs and direct their future destiny. Therefore, they must have a chance to express their joint-wishes freely for independence in accordance with the principle and practice of democracy.

The Author.

October 25, 1950.

## I

# FORMOSA, PAST AND PRESENT<sup>1</sup>

## *Origins of the Country and the People*

In the Western Pacific exactly opposite Fukien Province of China there lies an island in the shape of a carp. It was named Pekan by Malayan aborigines, acclaimed as Formosa by the Portuguese, and has been called Taiwan by the Chinese literally meaning Terraced Bay. Separated by the Formosa Strait which varies in width from 80 to 200 miles, the Island is located between 21°45' and 25°38' north latitude and 120°2' and 122°6' east longitude nearly on the middle of the longest chain of volcanic archipelagoes in the world that ranges from the Kamchatka Peninsula in the north down to the Soenda Islands in the south.

The volcanic range passing through Formosa parades as many as 48 snow-clad peaks towering about 10,000 feet and stretches from north to south 249 miles or 400 km. long, thus form-

ing the most magnificent mountain-range of East Asia. From their sides and feet extend basins and plains, brooks and rivers. The east coast as constantly washed by the foaming waves of the Pacific Ocean has been suffering territorial losses only to be compensated by gains on the west through the deposit of silt carried by muddy water. In consequence, the northeastern part of the Island came into possession of such attractive features that Portuguese voyagers in 1590, when catching their first glimpse of it and seeing the blue mountain-peaks 7,000 feet in height piercing the fleecy clouds, exclaimed out of admiration, "Ilha formosa, ilha formosa."

The greatest width of the Island is 93 miles or 150 km. only. Approximately through it runs the Tropic of Cancer. The total area covers 13,807

1. In substance published in *The Orient*, Aug., 1950.

square miles or 35,760 sq. km. about three fifths of Lake Michigan or half the size of Ireland. The famous Pescadores in the Formosa Strait covers only 126.86 sq. km. The Sakishima Archipelago that lies within 75 miles to the east belongs to the Loochoo group while to the south across the Bashi Channel about 100 miles in width lies the Batan Island of the Republic of the Philippines.

Nearly half of the Island's total area — more than 6,000 square miles—is fertile and arable. To this promised country came Polynesians, Chinese, and Japanese, of Oriental origins; Portuguese, Spaniards, and Dutch, of Occidental extraction. The present-day population of Formosa according to the official census taken on July 1, 1946, comprises 6,041,506 Formosans and 27,787 foreigners including Japanese, Korean, and other alien residents. It must have increased at least by 1,000,000 since the influx of Chinese refugees in the autumn of 1948. Thus, according to a census taken in March, 1950, the population was 7,454,886.

The aborigines landed from the South Sea Islands, but on account of racial assimilation they number only about 160,000 today. Owing to the geographical proximity of the Island to China, the Chinese claim to have discovered and colonized it since the beginning of the Christian era and have actually predominated in race and culture. The Japanese before their formal annexation of the country in 1895 had appeared largely as pirates and traders rather than as settlers. On the contrary, the early Portuguese navigators attempted after 1590 a small short-lived settlement at Keelung to which the name "Formosa" was first applied. It was the Dutch who in 1624 built the first European colony Fort Zeelandia and were two years later followed by the Spaniards, who built San Salvador off Keelung and in 1629 built Fort San Domingo on a hilltop commanding the present Tamsui Harbour.

By force of circumstances was the Island thus from the beginning destined to become

a spot for racial contact and conflict, its history having been nothing other than the continuous struggle of a

pioneering people for liberty and prosperity against unwanted intruders and unjust rulers.

### *Formosa against the Dutch (1624-61)*

Whereas the Portuguese took Macao in 1557 and the Spaniards occupied the Philippines in 1571, the Dutch in 1619 moved the Head Office of the Netherlands East India Company under Governor Coen to Batavia, and three years later sent northward a fleet of six vessels with 2,000 soldiers aboard to contest the supremacy on the South China Sea against their Portuguese and Spanish predecessors. Unsuccessful first in their Macao and later in their Pescadores campaign, the Dutch moved to the unclaimed island of Formosa in August, 1624. The following year, came a number of merchants, technicians, and missionaries, ready to expand foreign trade, develop the virgin land, and convert the natives to Christianity. Chinese settlers then numbered about 25,000. In 1630 construction of Fort Zeelandia at present Anping was completed. So

was Fort Providentia in 1650 at the present Tainan City.

The Spaniards, who started their occupation of the northern part of Formosa in 1626, were completely evicted by the Dutch in 1642. Japanese pirates and traders contacted the Dutch authorities in Formosa but failed to establish any base there.

It was out of the persistent struggle between the Dutch authorities and the Chinese settlers and their descendants mixed with other elements that the first decisive international conflict grew. At the beginning the Dutch encouraged Chinese immigration, providing new arrivals with oxen, seeds, and farming implements and bearing all expenses for constructing irrigation-canals and river-embankments. Between 1624 and 1644 there arrived more than 25,000 Chinese households comprising 100,000 new comers. Claiming all landownership,

the Dutch Government allotted land to each tenant according to his industry and ability and called an area of about 100,000 square feet an "acre," from which has been derived the Formosan *kah* as the basic unit of land-surveying. Unlike the aborigines, the Formosan

In view of the ever-increasing number of Chinese elements the Dutch in 1651 began to collect poll-tax from every Formosan of Chinese extraction above six years of age whereby the annual revenue would be increased by 70,000 guilders. Unable to bear taxation and



THE OLDEST MAP OF THE FAR EAST.

Drawn by a Dutch Navigator (速少耗) about 1580

Chinese wanted landownership, which right the Dutch always refused. They wanted to grow rice more than sugar-cane, but the Dutch preferred sugar to rice, so that in 1640 the country produced between 70,000 and 80,000 piculs of sugar.

oppression, the Formosans in 1652 under a certain Kuo Huai-i's leadership launched an open rebellion, which marked their first armed struggle for liberation against unjust rulers. With more than 4,000 men, women, and children massacred the

rebellion was crushed almost immediately.

Yet Dutch missionaries sent to Formosa seemed able and successful. While preaching Christianity and practising Western medicine, they developed intimate contact with aborigines and avoided conflict with Chinese settlers. Making cultural contributions to the people, they were also instrumental in making the Island known to the Occident. Thus, the first missionary Rev. Georgius Candidius, who came to Formosa in 1627, wrote in 1629 and published in 1647 "A Short Account of the Island of Formosa" and within the first 16 months of his stay converted 120 natives to Christianity. In memory of his pioneering evangelic work both Dutch missionaries and aboriginal converts named the mountain lake, Sun and Moon, in the heart of the Island after him, which most scholarly maps in European languages still call Lake Candidius.

For administrative failure missionary success could hardly compensate. The Dutch Government discriminated against the Formosan Chinese who were

treated like the aborigines but in addition had to pay higher taxes and render more labour services than either group. Consequently, an old hatred was revived. In 1660 a native of Tungan named Ho Pin, who had been the Chief Accountant and Interpreter under Governor Coyett, forced to flee because of a deficit in public funds, sailed across the Formosa Strait to persuade Koxinga in Amoy to expel the Dutch and liberate the Chinese settlers.

The following year, when Koxinga and his troops appeared on the Formosan shore, all the malcontents responded from inside and helped terminate the 37 years' Dutch rule in the Island. After eight months' siege, Fort Zeelandia fell. Governor Coyett was permitted to lead his compatriots to embark on their own repatriation vessels with personal belongings and governmental documents and sail back to Java at the beginning of 1662. In 1663 the Dutch Government of Java and the Manchu Court at Peking collaborated to retake Formosa, but their joint-plan failed to make any progress.

*Formosa for the Mings (1661-83)*

In Formosa the Ming authorities showed little interest. Yet by the Manchu invasion in China and the Dutch oppression in Formosa was the Island about the middle of the 17th century converted into a haven for Chinese patriots and the last hope of the Ming Throne. In 1644, when the Manchus started to descend upon China Proper, the people of South Fukien and East Kwangtung under the leadership of Koxinga and his clansmen, prepared a war of resistance, which lasted from 1644 to 1661 in China and from 1661 to 1683 with Formosa as their base of operation.

In 1624, the same year when the Dutch occupied Formosa, was Koxinga born of a Chinese father and a Japanese mother. His father, Cheng Chi-lung, intelligent and ambitious but restless and reckless, became a pirate chief before he was 30 years old with his base established in Formosa. Therefore for years the Dutch had to keep friendly terms with him. In 1628 he enlisted in the service of the

Ming forces and two years later on account of his distinguished services to the Ming Empire in suppressing many pirates was appointed Admiral and Chief Commander of the Imperial Ming Navy. He built his headquarters at Anping on the Fukien seaboard.

Following the fall of Nanking in 1645, the Chengs installed Prince T'ang on the Ming throne at Foochow at the beginning of 1646, when Cheng Chi-lung was vested with all powers. Meanwhile, Cheng Chi-lung brought his eldest son then in his 22nd year into audience with the Throne. So impressed was the Emperor by the young man that he conferred on him the State Surname, Chu, and the personal name, Ch'eng-kung, and made him Commander of the Imperial Body-Guard and the Count of Loyalty and Filial Piety with the rank of an Imperial Son-in-Law. Ever since Cheng Ch'eng-kung has been known as Kok Seng Ya in Amoy, Kuo Hsing Ye in mandarin, and Koxinga in Western languages, meaning State-Surname-Bearer.

As to Koxinga's father, Cheng Chi-lung, the older he grew the more greedy he became after money and power and the more fearful of hardship and adventure. After Prince T'ang's death in the autumn of 1646 he surrendered himself to the Manchus. With his clansmen Koxinga supported Prince Kwei as the Ming Emperor. They assembled increasing loyalist forces in the Amoy area, and prepared for a campaign against the Manchu invaders. When a northern expedition was ready in the autumn of 1657, he was made Imperial Prince of Yenping and Commander-in-Chief of Punitive Forces by the Ming Throne. In the summer of 1659 the Ming patriots took Kuachow, Chinkiang, and Wuhu to converge on the city of Nanking. During the siege, Koxinga decided to wait for the city to surrender. But on his birthday his men were caught unprepared and routed. Homeward to Amoy he had to lead his scattered forces.

Invincible on the seas but always short of man-power and material resources, Koxinga realized the need

for more men and more territory. As persuaded by Ho Pin to take Formosa, early in 1661 he left his eldest son, Cheng Ching, in charge of Amoy and personally commanded a fleet of 100 vessels with 26 generals and 25,000 of his best troops aboard and at once seized the Pescadores. In May, 1661 his men landed beneath Fort Providentia and after a three-day battle occupied it. With the fall of Fort Zeelandia eight months later the Mings gained complete control of Formosa and converted the Island into an independent sovereign State—the Ming Empire in Formosa. They immediately worked on reclamation, reconstruction, and rehabilitation projects, and established all cultural institutions after Ming patterns. In the summer of 1662, Koxinga died of a sudden illness in Formosa and Prince Kwei was murdered in Yunnan.

Cheng Ching, Koxinga's eldest son and successor, was less aggressive as a soldier but more benign as a statesman determined to realize his father's unrealized ambi-

tion. For more than two decades thenceforth, the war-situation across the Formosa Strait between the Mings with Formosa as their citadel and the Manchus with China as the bulk of their newly built Empire was similar to that between Sardinia and Italy at the middle of the 19th century. Just as the Sardinian soldiers and sailors won victory after victory for the House of Savoy, so did the Formosan Army and Navy fight for the already fallen Ming Dynasty against foreign invaders—for Chinese nationalism against Manchu imperialism.

By 1676, the Formosans had recovered the Ming Empire to the extent of not only Taiwan and Fukien but also a great portion of Kwangtung and parts of Chekiang and Kiangsi Provinces. Early in winter a rare snowfall in North Fukien cut short the comeback campaign, till most of the recovered strongholds on the mainland were again lost to the Manchus.

Meanwhile, the Manchus attempted to lure the young Prince into capitulation. Every offer, however, was turned down.

Early in 1680 Cheng Ching repatriated all his followers to Formosa. Early the next year he died. His eldest son and successor, Ch'eng K'e-ts'ang, shrewd and able, was not liked by most of his decrepit and self-seeking followers, and was soon replaced by his second son Cheng K'e-shuang then in his 12th year. The enemy at once poured in secret agents to attempt espionage and sabotage, arson and assassination.

Early in 1683, the Manchus signed a secret "Lend-Lease Pact" with the Dutch against their common enemy—the Ming patriots in Formosa. For naval aid to the Manchus in the Formosa campaign the Dutch were to enjoy preference in China's overseas trade. When the Manchu fleet appeared within sight from the Pescadores, the Formosan defenders actually saw enemy vessels manned and cannon operated by "red-haired" crew. A sudden change of the direction of a gale finally turned the tide of the naval engagement in favour of the Manchus. The Ming fleet was practically annihilated. When the in-

vaders landed on the Formosan shore, the boy Prince of Yenping supported by loyal but decrepit followers had no alternative but to sur-

render with nine Ming princes to the Manchus. Thus ended the Formosans' 40-year open struggle for the Ming cause.

### *Formosa against the Manchus (1683-1895)*

Against the Manchu invaders and usurpers, the Formosans carried on their struggle for liberation much longer and more often than the Chinese in China by "launching one disturbance every three years and one rebellion every five years."

By the Manchu maladministration of the coastal provinces were the maritime inhabitants provoked to migrate and rebel. As early as 1661, the Manchu Court proclaimed the Overseas Prohibition Law, evacuating all inhabitants of the sea-coast ranging from Nanking to Canton to the interior beyond 30 *li* from the open sea. In 1684 this law was replaced by a Migration Prohibition Law forbidding migration from China to Formosa as the Manchus wanted quick rehabilitation of the coastal districts. In 1722 another Migration Prohibition Law forbidding migration from plains to mountains inside

the Island was proclaimed. In consequence, the more such laws were made, the more criminals appeared.

By crossing the Formosa Strait and settling in a wild country, Chinese immigrants led a very different life from their cousins left behind. In Formosa they worked as pioneers in constant contact and conflict with aboriginal tribesmen and therefore had to be very alert and ever-ready for action. In no time they became far more alert, frugal and industrious than the people in China. Meanwhile, owing to their industry and patience wildernesses became thriving plantations; forests and jungles were cleared; dikes and canals, constructed; houses and camps, built; villages and cities, organized; mines, opened; hillsides, covered with tea and bamboo groves; and such profitable industries as the manufactures of salt, sugar, and camphor per-

fume, carried on. Thus, within two centuries the Island became as well developed as and possessed of greater man-power and material resources than any province of China.

As the Formosans struggled to exploit nature, so did the Manchus endeavour to exploit culture. Isolated from the Central Government in Peking, their incumbents often abused their powers in exploiting the ignorant and massacring the innocent. "From the highest to the lowest," wrote Rev. G. L. MaKay, "every Chinese official in Formosa has an itching palm, and the exercise of official functions is always corrupted by money bribes. The mandarine supplements his income by 'squeezing' his attendants and every man who comes within his grasp. His attendants have the privilege of recouping themselves by 'squeezing' all who through them seek favours from the mandarin. In the matter of bribing and boodling the Chinese official in Formosa could give points to the most accomplished office-seekers and money-grabbers in Washington or Ottawa."

Hence the Formosan saying:—"The wealth accumulated during one's tenure is too much for three generations to treasure."

The last but not the least important factor of constant Formosan insurgency against the Manchus was the seeds of Ming patriotism sown by Koxinga and his compatriots—organized into the Ming Loyalist Society—among the social substrata, which when under no ideological leader and political organizer often took the form of uprisings for secessionism. None the less, the three biggest revolutions that spread over the whole Island hoisted the Ming flag, revived the lost cause, and swore Ming renaissance: the first was launched by Chu I-kuei in 1721, the second by Lin Shuang-wen in 1786, and the last by Tai Wan-sheng in 1861. The basic cause of their failure was their inability to capture the Manchu navy and construct their own in order to expel unjust rulers and repel unwanted intruders.

To heal old scars, the Manchus made Formosa into a

---

*(From Far Formosa, p. 105).*

province in 1885 with General Liu Ming-ch'uan as governor. He started to build a modern arsenal, a telegraph office, a post office, and a railway from Keelung to Sinchu. When defeated by the Japanese in 1894 and 1895, the Manchu envoy, Li Hung-chang, in the Treaty of Shimonoseki ceded Formosa to Japan. Resenting the Manchus' "robbery of Peter to pay Paul," the Formosans protested the unjust and arbitrary action of their

age-long enemy. Opposing the territorial change against their wishes, they declared independence and organized the Formosan Democratic Republic and elected first the then governor T'ang Ching-sung and later Liu Yung-fu as President. They fought a war of independence openly for half a year. This ended the last phase of the Formosan struggle against the Manchus but opened the first page of the same struggle against the Japanese.

### *Formosa against the Japanese (1895-1945)*

By the War of Independence was established sufficient historical evidence that the Japanese stole the Island of Formosa neither from the Manchus nor from the Chinese but from its rightful inhabitants. Despite the Japanese high-handed policies the Formosans continued their struggle for liberation by launching 15 armed uprisings within half a century.

With their habitual industry and patience the Japanese converted the hitherto medieval colony by turning it first into a silo, then into a workshop, and finally

into a warmachine. To have docile farmers and efficient workers, they started regimenting all the people into civic groups, improving their living and sanitary conditions, and training their able-bodied men. To increase agricultural productions they facilitated all means of irrigation, fertilization, and communication; to promote manufacture-industries they gave Japanese capitalists and experts special privileges while training Formosan mechanics and workmen all for practical purposes. As a result, the sugar-industry, for exam-



BANK NOTE OF FORMOSAN REPUBLIC.

ple, progressed by leaps and bounds, till it reached the maximum production of 1,400,000 tons in 1940-41 and Formosa became the fifth sugar-producing country on earth.

An economic success as it was, it amounted to a moral failure. For by virtue of police terrorization, verbal intimidation, or circumstantial embarrassment the Japanese-owned and -operated sugar mills often compelled landowners to sell farms at their lowest prices. So did they buy the sugar-cane.

But they would sell the manufactured product at their own highest price. Hence the rise of many conflicts.

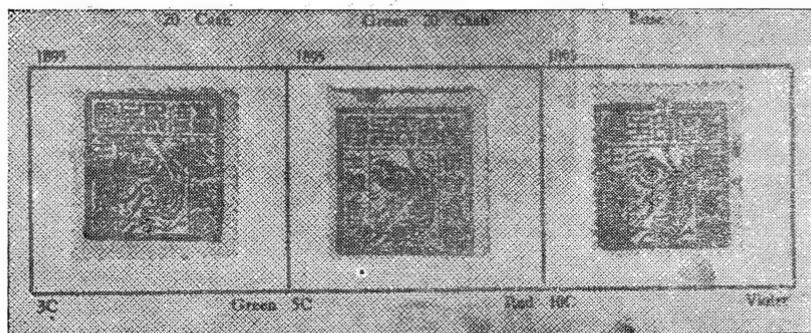
Like the Manchus, the Japanese were guilty of the master-race theory and practice. To the Formosans, whose hearts they never succeeded in winning, gain of material prosperity could hardly compensate for loss of spiritual liberty. For instance, throughout the entire Japanese reign police-stations and policemen always outnumbered schools and

teachers; prostitutes outnumbered nurses. After the outbreak of the Mukden Incident in 1931, they suddenly attempted to replace the policy of discrimination and isolation with that of equalization and assimilation when the Formosan racial hatred had already become too deeply-rooted.

As in China so in Formosa most of the political disturbances were engineered by members of secret societies which had grown out of the early Ming Loyalist Society. Right after the overthrow of the Manchu regime such adventurers started smuggling arms and munitions into Formosa and fomented the last and biggest war of independence against the Japanese in 1915 with a view to founding the

Great Ming State of Mercy under the leadership of Yü Ch'ing-fang, Chiang Ting, and Lo Tsun. It took the Japanese several months and several regiments to quell the rebellion through the worst atrocities.

Giving up the idea of armed struggle against alien rulers, enlightened elements, headed by Lin Hsien-t'ang, Chiang Wei-shui, etc. and inspired by Wilson's doctrine of racial self-determination, launched a self-government movement in 1920. Sponsored by several liberal Japanese, a petition for the establishment of a colonial parliament was presented to the Japanese Cabinet. To the Imperial Diet the matter was too insignificant to deserve any debate; to the Japanese Governor of Formosa



1895 ISSUE OF POSTAGE STAMPS BY FORMOSAN REPUBLIC.

it was too serious to be ignored. Hence the expansion of secret service and thought control in the Island; which system of restriction and surveillance grew into totalitarianism, driving all malcontents underground or out of the country.

After VJ Day many Formosan patriots reappeared from underground or re-

turned from abroad—from Free China in particular—to expel the Japanese and welcome the Chinese. Once reunited with the Chinese, the Formosans hoped to attain both material prosperity and spiritual liberty, enjoying the same liberty, the same equality, and the same fraternity with them as the people of Alsace-Lorraine with the rest of the French.

#### *Formosa against Ch'en Yi (Oct. 24, 1945-May 10, 1947)*

Like the Koreans, the Formosans who had found common foes in the Manchus and the Japanese for three centuries as the Chinese had done, naturally looked to China for material aid and moral sympathy. Yet it was the Americans who brought the Japanese to their knees and after VJ Day the Chinese take-over officials and occupation forces across the Formosa Strait. Still on greeting the first groups of Chinese the Formosans revealed unlimited loyalty and enthusiasm, not foreknowing that the more their expectation was, the worse their disappointment would be.

Unfortunately, the first Chinese Administrator-Gen-

eral Ch'en Yi and his subordinates, while lacking the Japanese ability to reconstruct the country and rehabilitate the people, openly revived the former high-handed policy of control and Carpet-Baggers appeared in enormous numbers to devastate the Island; so that within half a year unlimited enthusiasm turned into irrevocable antagonism.

For instance, crooked merchants exchanged Chinese notes for the Formosan Yen at par and thereby reaped a 4,000% profit, mixed salted fish with stones, and put sand into patent - medicine - bottles; soldiers would buy without paying and ride with no

ticket; military trucks often hit and ran; and married men often talked Formosan girls into marriage and then ran away with their doweries. As to the take-over officials, those never guilty of graft were few and far between. All profitable imports and exports were transacted by the Bureau of Trades; all profitable industries, by that of Monopolies. In August, 1946 the Commissioners of both Bureaux were found to be the worst grabbers and prosecuted by General Liu Wen-tao but after brief detention were released by General Ch'en Yi's order on account of lack of evidence. Inflation has been the only productive industry introduced by the Chinese Nationalists into Formosa; gambling and feasting, their sports. Suddenly the Formosans, who had expected the Confucian Way of Right to replace the Bushida of Might, found themselves driven into the KMT "Way of Bite."

The fuse of the island-wide opposition to Chinese tyranny and robbery was finally lit not by a Formosan but by a Chinese. This man, an anti-smuggling officer of

the Monopoly Bureau, seized the cigarette tray of an old Formosan woman selling imported cigarettes, and shot to death a Formosan civilian on the evening of February 27, 1947. Early the next morning, unarmed Formosans formed two processions, one going to the Monopoly Bureau and the other to the Tobacco Monopoly Building. Spurned by the monopoly officials, the former group went to petition the Office of the Administrator-General for justice and relief. When they arrived within reach, guards at the entrance opened fire. By the moment four Formosans were killed and 11 wounded, a brave youth rushed at the Chinese machinegunners, turned the weapon, and scared them off. "They have made no difference between patriots and rebels. Let's make no difference between wolves and lambs, either. Just grab and beat any of them," he said to the enraged crowd.

Meanwhile, Ch'en Yi promised relief and leniency and permitted meetings to be held for a peaceful settlement while in secret he radioed Chiang Kai-shek for

reinforcements. Soon open and often armed struggles against the unwanted intruders were launched everywhere throughout Formosa, so that for one full week the country was "self-liberated" for the first time since Koxinga's grandson's surrender to the Manchus.

On March 8, when sure of Chiang Kai-shek's reinforcements arriving, Ch'en Yi forbade any more meeting. From the night of March 8 to that of March 13 new arrivals and the old garrisons under the warlord's command shot, looted, arrested, and imprisoned many innocent people, almost inundating such cities as Taipeh,

Keelung, and Kaohsiung with Formosan blood — which, ironically enough, the Chinese claimed to be "Chinese blood."

Under the pressure of public opinion in China and the rest of the world, Nanking sent out Defence Minister Pai Tsung-hsi on March 18 to comfort the Formosans and on March 22 decided to recall Ch'en Yi. But the choice of the next governor, Dr. Wei Tao-ming, was not announced until a month later. Pathetically, the Formosans delivered by the Cairo Conference from one enslavement to another had to struggle further for liberation.

#### *Formosa against Wei Tao-ming (May 15, 1947-Jan. 5, 1949)*

To appease the native malcontents, Nanking included seven Formosans among the 15 members of the reorganized provincial government. The Finance Commissioner Yen Chia-kan, the Garrison Commander P'eng Meng-ch'ih, and bank-governors like Hwang Chao-ch'in and Lin Hsien-t'ang were, however, all Ch'en Yi's trusted henchmen, so that from the outset Wei ran an almost impotent administration.

In fact, convinced that the loss of civic freedom was the appropriate penalty for the February 28 Incident, the new rulers launched an absolute suppression of free press, free speech and free association. To them this was a condition of their domination and existence in the Island. To shake off their predecessors' responsibility for the incident, they found 30 scapegoats charged for internal disturbances whose arrest the Taiwan Provincial

High Court announced on June 5, 1947.

The most notorious event during Dr. Wei's tenure of office was the war of words he waged against not only Formosan patriots but also Chinese critics and foreign observers. In the summer and autumn of 1947, Formosan desires for secession often appeared in Chinese and foreign periodicals. While Nanking uttered no official comment on the subject, all influential papers in China repeatedly published discussions on the history and geography, people and culture, of the Loochoo Archipelago, agitating for the retrocession of the maritime country and promising the people local autonomy. Even the People's Political Council in Nanking and the Taiwan Provincial Council under Chairman Hwang Chao-ch'in passed a resolution to demand the retrocession and had it included in the Chinese agenda for the Japanese Peace Conference. On November 2, 1947 the American-owned *Manila Daily Bulletin* published the news that the Philippines would oppose China's claim to the Okinawa

Islands but, instead, would request a plebiscite for the Formosans to determine their future status. Inside Formosa all government-sponsored organizations and papers poured out protests against such Filipino assertions.

On November 15, 1947 there appeared in *The China Weekly Review* D. Y. Lanne's "The Kuomintang in Taiwan," in which he compared Ch'en Yi to a tiger and Wei Tao-ming to a hyena but in whose conclusion he advised the Formosan patriots to stay with China to cooperate with all Chinese reformers. Simultaneously from November 4 to 30 Mao Tzu-pei in Shanghai published in his *T'ieh Pao* a series of reports entitled "Formosa Today" condemning Wei Tao-ming as a lazy-bones and his wife as a busy-body and denouncing their joint-misrule as bitterly as any native critic or foreign observer would do.

Provoked thereby to accept the challenge, Dr. Wei on December 3 at the Provincial Council meeting attempted to sweep off what he denounced as libel charges, groundless rumours, and malicious accusations, and had

copies of the text of his refutation circulated by the Taiwan Propaganda Bureau. About the same time his wife filed a libel suit against Mao Tzu-pei with the Shanghai District Court. The suit ended in July, 1948 in the sentence of the defendant to a 2-month jail term or a fine of CNC \$10,000 (US\$0.20) per day instead.

As the verbal war in Formosa calmed down, the civil war in China grew with mounting intensity. On December 30, 1948 President Chiang Kai-shek announced the replacement of Dr. Wei Tao-ming with General Ch'en Ch'eng as Taiwan Governor with a view to converting the Island into the last KMT citadel.

*Formosa against Ch'en Ch'eng (Jan. 5, 1949-Dec. 21, 1949)*

With gunfire resounding all over North China and Communist troops converging on Nanking, many KMT partisans and anti-CCP elements naturally looked to the new Taiwan Governor for a new but successful Koxinga in a comeback campaign. To glorify his new rule beforehand, he called Ch'en Yi's rule "Japanese Collectivism," Wei Tao-ming's "American Liberalism," and pledged to carry out his "Fabian Socialism," which in practice turned out to be "Chinese Machiavellism."

On the official pay-roll he at once listed so many high-ranking refugees by creating so many new posts. Wealthy refugees soon started their

speculative business; lowly elements like SS men and Special Tribunal staff members resumed their old profession through blackmailing and extortion, robbery and kidnapping.

To stabilize the economic situation Ch'en Ch'eng attempted his currency-reform and rent-reduction. In June, 1949 he pegged the Old Taiwan Yen at 200,000 and the New TY at 5 to one US Dollar only to boost up commodity-prices. He raided many underground banks only to let SS men gain 20% of the confiscated articles as reward. While rent was reduced, taxes were increased, so that many landlords were driven to the verge of bankruptcy. The

actual farmers enabled to receive 62.5% of every crop instead of 50% have been required to exchange rice for fertilizer with the price of the latter raised four times the international market-quotation, wherefore they have not been better off than before, either. In fact, Ch'en Ch'eng aimed thereby to shift the focus of Formosan resentment from KMT officialdom to native landlords and capitalists but to no avail.

After the fall of Shanghai in May, 1949 Chiang Kai-shek sheltered himself in the island-citadel. So did over 300,000 of his defeated troops. Effective from the end of June, the KMT regime proclaimed coastal blockade with Formosa as its central base.

Early in July, Chiang was invited by President Quirino of the Philippines to Baguio, where he proposed an alliance. One month later, he flew to South Korea to repeat the same attempt only to see himself written off by the White Paper.

Curiously enough, an island-wide mass-arrest began almost as soon as he re-

turned to Formosa, to which fell victims Communists, Democratic Leaguers, and anti-Chinese elements. In most cases more wrong than right ones were caught; for the SS men have been too negligent of matters of evidence and too susceptible to bribery.

By the removal of the KMT Capital to Taipeh on December 8, 1949 and the subsequent arrival of the Korean and US Embassies was Formosa both disguised as "China" and again converted into an independent sovereign State as in 1661 though now under an assumed name.

The KMT authorities, foreseeing their imminent failure unless armed with native co-operation and further US aid, decided to recruit 4,500 well-educated Formosan youths for officer-training by December 15 and 35,000 able-bodied men by March 15, 1950 and to reorganize the Provincial Government by granting 17 out of the 23 seats in it to native Formosans as a gesture of appeasement and by appointing an American-educated scholar, Dr. K. C. Wu, as governor so as to solicit further US aid. On December 15 the replace-

ment of Ch'en Ch'eng with K. C. Wu was announced.

Meanwhile, many of the 30 scapegoats Wei Tao-ming had ordered to be arrested emerged to become actual leaders of pros and cons. The KMT partisan Chiang Wei-ch'uan and the Democratic Socialist Yen Ch'ing-hsien petitioned for leniency and became staunch supporters of the refugee regime. Those expatriated also appeared to head the opposition: Hsieh Hsueh-hung, Su Hsin, and other ex-Communists joined the CCP camp in China; the Liao brothers, who were not in Formosa during the incident, have been directing the native patriots.

The idea of Formosan re-emancipation originated during Liao Wen-kwei's return in the autumn of 1946. But it was the unfair settlement of the February 28 Incident that speeded up the organization of the Formosan League for Re-Emancipation originally aimed at local autonomy through provincial federation with the rest of China—a United States of China under a coalition government as envisaged by a growing number of liberal Chinese leaders and thinkers.

With the CCP outlawed, the Democratic League disbanded, liberal elements suppressed, and KMT despotism at its peak towards the end of 1947, leading members of the League gave up their hope for any realization of democracy and local autonomy. How should the Formosans achieve re-emancipation and salvation? Some members of the League favoured a UN trusteeship. The two Liao brothers objected, because a permanent foreign trusteeship would mean colonial rule against which the Formosans have been fighting for three centuries. A plebiscite would offer the fairest way to determine the future status of the country.

Early in 1948, Liao Wen-kwei was arrested on charges of having been involved in the February 28 Incident, of being an advocate of foreign trusteeship over Formosa, and of association with radical Chinese, by the Shanghai-Woosung Garrison Commander's Headquarters. He was bailed out after 100 days' detention during which he won a three-hour debate with the Special Tribunal

Procurator and cleared himself of the charges.

The arrest of Liao Wen-wei drove many of his followers out of Shanghai and Formosa to rally round his younger brother Liao Wen-ih then in Hongkong. To these Formosans, any further appeal for Chinese sympathy would be futile, and however Chinese rule might improve in Formosa, it would be no alternative to independence. The Formosans must liberate themselves. Hence the appearance of the triangular struggle among the Formosans everywhere.

Meanwhile, Liao Wen-ih sent Peter Huang, Frank Lim, Gordon Tan, and Y. T. Tsong to Japan to spread information among Formosan residents and also started writing to governments of the democratic countries to sponsor a Formosan plebiscite. By the end of March, 1949, the United Nations had actually received a communication from the Formosan League for Re-Emancipation in Hongkong and a petition for a plebiscite to determine whether the Formosan people want independence. In October Liao Wen-ih flew to

Manila, where Dr. Bernabe Africa also advocated the holding of a plebiscite in Formosa. Meanwhile, the same League declared the invalidity of the Cairo decision by enumerating the reasons for its abrogation—particularly by invoking the power and priority of the Atlantic Charter which provides for racial self-determination and free choice of the form of government under which a people want to live. In December Y. T. Tsong in Tokyo submitted a 17-page memo to SCAP for immediate occupation of Formosa during the period of preparation for complete independence.

The Formosa Problem is no longer a mere Sino-Formosan issue. It has become a world-problem. The whole world has realized not only Chinese misrule but also Formosan discontent with it and growing anxiety to expel the KMT and repel the CCP. But the CCP has taken the land; the KMT has kept the sea; and the Formosans have caught only the air. Such was the picture of the triangular struggle at the beginning of 1950.



## II

# ECONOMIC EXPLOITATION OF FORMOSA<sup>1</sup>

### *Opportunities for Graft*

Lack of public spirit on the part of so many KMT executives was the basic cause of the speedy and spectacular collapse of the Kuomintang Army and economy in postwar China. To make easy money, most of the take-over officials, who had impatiently suffered poverty and misery in the interior during the war, now resorted to the practice of mercilessly "killing chickens for eggs" instead of patiently "feeding sheep for wool." They boasted of the quantities of the taken-over raw materials and finished products, trucks and boats, factories and machinery. Yet, instead of utilizing them for public interests and productive purposes they either grabbed or wasted them. No earnest effort was accomplished for reconstruction and rehabilitation. And, by forcing the people to convert their gold bars and foreign currencies into the Gold Yuan half a year before they absconded from Nanking, the Nationalists stripped many earnest citizens naked.

Besides, by their civic control and economic restriction were created numerous new chances to grab. The susceptibility to such temptation has always been due to their system of public service notorious for its underpayment, no present stability, and no future security. Since old dogs can neither learn new tricks nor change fixed habits, what was true in China has been even more true in Formosa.

In the Island all the large industries which had been Japanese-owned were taken over by provincial and/or central government agencies and, whenever private capital was invited, henchmen and kinsmen of KMT officials had first crack. But most of the damaged machinery would be torn and shipped

---

1. In substance published in the *Far Eastern Economic Review*, Sept. 21, 1950.

away as "scrap iron." Thus, in no time there appeared all varieties of bureaucratic capital.

Of the taken-over industries:

- (1) Those operated by the National Resources Commission included:
  - (a) Petroleum refining.
  - (b) Aluminium.
  - (c) Copper mining.
- (2) Those operated jointly by NRC and the Taiwan Provincial Government included:
  - (a) Sugar.
  - (b) Electric power.
  - (c) Chemical fertilizer.
  - (b) Ship and machine building.
  - (e) Alkalies.
  - (f) Cement.
  - (g) Paper and pulp.
- (3) Those operated by the Taiwan Provincial Government included:
  - (a) Large coal mines.
  - (b) Iron and steel.
  - (c) Oils and fats.
  - (d) Textiles.
  - (e) Brick and tile.
  - (f) Electrical Manufactures.
  - (g) Chemical products (rubber, essences).
  - (h) Printing.
  - (i) Building construction.
  - (j) Supply of industrial equipment and materials.

*Nepotism and Despotism*

The immediate exemplification of egoism in public administration is nepotism and factional bureaucracy. In Formosa the take-over officials and occupation forces have behaved exactly like swarms of locusts combing all greens. To maintain the prestige of a privileged class, they would form juntas everywhere to discriminate first against native personnel and next against any outer group members. Almost every KMT official has had a gang of hangers-on, whom he would before giving legalized jobs and pays house and feed in private but with public funds. The day after the taking-over was completed, he would announce his reconstruction scheme, creating jobs not according to the quantities and qualities of the works involved but according to the number of job-hunters around him. To such an extent prevailed nepotism that not only concubines and minors were often appointed to high-paying posts but sinecures were reserved for "ghost incumbents" and "paper soldiers" scheduled to appear from China but forever deterred from assuming office. Similarly, just as many police-stations came to have Chinese heads under 20 years old but Formosan sergeants about 40, so has many a factory had a 25-year-old superintendent from China who had never attended any college but a 50-year-old Formosan deputy director and chief engineer — a graduate with honour from the Technical College of an Imperial University in Japan.

In industry alone Formosa has been much too big for China to run; for China has neither money nor talent. To resume operation of all Formosan factories left by the Japanese, China must mobilize all her well-trained technicians. Formosa has turned out 7,000 proficient technicians as many as China just as the number of her skilful physicians equals that of China. Moreover, Formosa has even more manufactories than China without Manchuria. Still native Formosan doctors and engineers have been always and everywhere unfairly treated. As an immediate result, efficiency has dropped sharply as compared with the previous level except in a few industries like cement, electric power, alumin-

ium, etc., in which US capital and technology have predominated.

At the time of the retrocession many Szechuan sugar experts were considered competent to take over and operate Formosan mills, half of the 42 Japanese-owned remaining in working conditions. Later, many Szechuan men were sent there to study but hold directors' posts and pays. Because sugar mills after taken over often broke their word to pay farmers in ready cash and to supply them with fertilizer regularly, most farmers discontinued in 1946 the planting of sugar-cane. Therefore in the year 1946-47 the output could hardly go beyond 30,000 tons as contrasted with the maximum production of 1,400,000 tons in 1940-41. The 500,000 tons confiscated from Japanese capitalists and Formosan labourers was consumed for upkeep expenses during the first two years follows V-J Day while not an iota was used for any reconstruction work.

The Monopoly Bureau devised by the Japanese had been intended to increase public revenues and thereby lessen the people's burden. In its addition the first Chinese Administrator-General Ch'en Yi inaugurated the Trading Bureau ostensibly for the same purpose. If earnestly administered, they would suffice to cover public expenditure. But in effect they served only to facilitate the KMT officials' graft and to chastize private Formosan manufacturers and businessmen. Every Formosan product able to yield a big profit abroad fell a victim to the Trading Bureau, the main objects being rice, coal, sugar, and lumber. Yet the regulations grew in number and changed in nature so often that equivocal explanations could be made at any time to suit the greedy incumbents' expediencies.

The Monopoly Bureau in its restrictive function is nearly a duplicate of the Custom House. But it dare not challenge the latter's authorities, but, instead, banned from the Formosan coast all competitors, foreign or Chinese made—cigarettes in particular. Thus, instead of urging the custom-officers to censure "inter-provincial smugglers" the Bureau

would dispatch armed men to snatch away all packages from Formosan children-peddlers whose poor parents entrusted them with a small sum of money as capital.

### *Wealth Overestimated*

True, the high percentage of literacy, the habitual industry and frugality, and the vigour inherited and training received make the 6,000,000 Formosans equivalent in man-power to 18,000,000 Chinese. Moreover, the industrial equipment and establishments left by the Japanese, the technical skill and working efficiency acquired by the Formosans, and the resources and productivities that surpass those of every Chinese province in the mountain, on the plain, or from the sea warrant the multiplication of 18,000,000 by another 3 that equals 54,000,000 — a population larger than that of Szechuan. So much so that while underestimating the cultural level of the people, the KMT officials and soldiers have overestimated the pecuniary potentiality of the country. To them Formosa is a treasure as well as a beautiful island. They knew that all big industries were either government monopolies or Japanese-owned and, full of cash and goods, would be outright confiscated. They also learned that of the over 800,000 Formosan acres of arable land 66.8% belonged to the government and 18% to private Japanese and after confiscated would yield almost 85% of the total agricultural output. They were also assured that all the forests, salt-fields, and most of the mines were government-owned and/or-controlled. Above all, they presumed that the native inhabitants as had been for half a century whipped into docile submission by the high-handed Japanese policies would remain slavish farmers and tractable workers ever-ready to perform every toil but expect no spoil.

Alas! upon their arrival the take-over officials found the Formosans far from docile and slavish. Critical of Chinese incompetency and arrogance, the natives refused to cooperate; disgusted with their ignorance and inefficiency, workers refused to obey. Lack of fertilizer, farms and fields produced

less than half of the previous capacity. To open forests, operate mines, and keep up salt-fields, that needed circulating capital and earnest men. Neither could the take-over personnel supply properly. As to the factories, a number of them had been damaged, for which they continued blaming US bombers. Even to resume operation of the good ones the Chinese regime had neither money nor spare parts nor talent particularly because native engineers and mechanics were ostracized simply on account of their Formosan birth.

With their previous fantasies frustrated, they became desperate. Realizing their own inability to reconstruct the Formosan industries and transfer the linkage of the Formosan economic and industrial systems from Tokyo to Nanking, they would grab while the grabbing was good. As the taking-over process in Manchuria and North China reached an irrevocable deadlock, the more sensibly the KMT officialdom foresaw their inability to retake Communist-occupied areas, the more urgency they felt to double their efforts to turn Formosa into the only trophy from their eight years' war of resistance whereby to mend with Formosan resources every war-scar they had suffered even though the country had to be razed to the ground and the people had to be stripped to the skin.

#### *Inefficiency and Restriction*

With waste and graft, nepotism and despotism prevailing simultaneously, there appeared under Ch'en Yi 759 incumbents by selective appointment against 87 under the Japanese and 8,168 by recommendatory appointment against 862 prior to the taking-over. Of the Japanese budget 30% had been assigned for salaries and office-upkeeps and 70% for public enterprises; whereas under Ch'en Yi 76.63% was reserved for salaries only but merely 23.37% for public enterprises. As to the sources of revenue, under the Japanese 15% came from taxes, 55% from monopolies, and 30% from public enterprises such as railways, posts, telegraphs, and forests; but under Ch'en Yi 34.73% was derived from taxes, 16.58% from monopolies, and 38.94% from 70% of all government-owned and-operated industries besides railways, posts, telegraphs, and forests.

Almost in every respect the Formosan people have had to bear a much heavier burden; the governmnt has wasted a much larger sum of money; while the country has been becoming poorer and poorer day after day than before. Thus, despite the operations of the Trading and the Monopoly Bureaux the Formosan tax-payers under Ch'en Yi had to bear 34.73% of the annual budget as contrasted with 15% under the Japanese who had run no Trading Bureau at all. Similarly, though 60% of the confiscated sugar went to the Central Government in Nanking; though 40% of the income was supposed to return to the Island in the form of either fertilizer or bean cakes or cotton goods; and though half of the monthly production of 80,000 tons of coal in 1946 was purchased at 1/10 of the Shanghai market price and shipped away for sale; yet nothing ever returned to help reconstruct the country and rehabilitate the people.

On September 26, 1946 the formation of four companies under the Monopoly Bureau was ordered for the handling and production of four monopoly articles, namely, wine, matches, camphor, and cigarettes. On January 6, 1947 they were duly established. On December 12, 1946 the Bureau approved the formation of an overall provincial industrial and mining development corporation with the capital of TY165,000,000, which was intended to be the chief administrative and policy-making organ for the 107 companies, factories, and plants taken over from the Japanese. In effect this became the regimenting centre of all activities of economic exploitation. Next day, the Taiwan Salt Administration Office announced that a total of 181,000 tons of salt had been shipped to Japan from Formosa in 1946 in accordance with the arrangements made between the KMT regime and SCAP and that the quota for 1947 was to be 300,000 tons.

On February 13, 1947 the Office of the Administrator-General formally banned as from that day all private transactions of gold and foreign currency except by the Bank of Taiwan. At the same time it set the ceiling price for rice at Y23.90 a catty for the Taipeh City. On February 15 were promulgated regulations for the stabilization of prices in

Taiwan that reached down the smallest shops and side-walk stalls. Besides, the Island was divided into five districts for taking rigid action against rice-hoarding and illicit merchants. On February 19 the Government announced that those found hoarding rice exceeding 5,000 piculs should be sentenced to death with all the rice confiscated. All new economic regulations as such, if thoroughly enforced, would have abolished private trades virtually.

By that time the Formosans had reached the breaking point of patience. But the fuse of the island-wide revolt against KMT tyranny and robbery was lit not by a Formosan but by a Chinese—an anti-smuggling officer of the Monopoly Bureau, who on seizing the cigarette tray of an old Formosan woman selling imported cigarettes shot to death a Formosan civilian on the evening of February 27, 1947.

### *Worsening Exploitation and Growing Inflation*

Under the next Governor Wei Tao-ming KMT exploitation of Formosa turned from bad to worse. Exactly one month after he assumed office the Provincial Council was coerced to pass the Government bill to purchase rice at 18 Yen a catty against 50 in the free market. At once it was decreed that landowners of more than 2.5 Formosan acres must sell their surplus rice to the Government at the official price. Thereby was the KMT regime enabled to ship from the summer of 1947 to that of 1948 at least 440,000 tons of rice to China.

To cover all signs of degradation and deterioration, the new Governor kept mentioning the enemy property as recorded in the 100,000-word inventory and chronically raising the exchange-rate of the Formosan Yen against the Chinese Dollar. To be sure, as early as January, 1946 the take-over officials estimated the total value of the enemy property to be Y15,665,351,808.37. When the taking-over was completed in April, 1947 just before Ch'en Yi's departure Finance Commissioner Yen Chia-kan of the Japanese Property Disposal Committee still reported the same figure despite the 1,000% inflation of the Taiwan Yen during the preceding 16 months.

As to inflation, the sole productive industry the Chinese introduced into Formosa, the Bank of Taiwan had issued notes amounting to Y1,500,026,715 in August, 1945; Y2,027,904,765 in September, 1945; and Y2,661,889,739 in October, 1945, when it was taken over by the Chinese under Ch'en Yi. In November, 1945 the total issue was Y2,813,010, 024. One year later, Yen Chia-kan promised to circulate no more than Y6,000,000,000 when the value of Yen had fallen from Y15 for one US Dollar at the Japanese surrender to Y150.

One more year later (by the end of 1947) the Taiwan Banknotes amounted to about Y15,000,000,000; so that US\$1 soared beyond Y1,500. By the end of 1948 this figure had risen to more than Y180,000,000,000 and US\$1 had risen above Y30,000. On August 19, 1948 when the Chinese National Currency was converted into the Gold Yuan, GY1 was set at TY1,835. As the inflation of GY started accelerating two months thereafter, the ratio became smaller and smaller till TY surpassed GY half a year later. Yet the inflation of TY continued though at a lower speed.

The arrival of government units from China after the fall of Tsinan increased the pressure as more notes were called for to pay increased government personnel and meet other expenses in the Island. To the KMT regime in Formosa as well as in China note-printing has been much easier and quicker than rice-production. Besides, wealthy refugees instead of investing their money in productive industries had begun to speculate with gold bars and US notes; so that commodity prices would fluctuate from minute to minute and the key-money for rooms or houses which Chinese brokers would charge later arrivals often exceeded the original price by several times.

Working as the regimenting center of all bureaucratic capitals and concurrently the pecuniary arsenal of war-victors and peace-profiteers, the Bank of Taiwan thereafter had to facilitate new Carpet-Baggers and Scalawags against native rights and interests with the note-printing machine. At the

end of 1947 it had let out loans amounting to Y29,000,000,000 of which 25% had been allotted to government institutions, 67% to public enterprises and the rest to private individuals and firms. Only 0.2% had been made to Formosan individuals and corporations. The rate of interest being exceedingly low, all government establishments and KMT customers could easily make money by taking the margin between it and the rate of inflation; whereas most of the Formosans, unable to contract any Taiwan Bank loan, had to pay high interests, suffer unfair competition, and eventually incur depression and unemployment.

What GY was to CNC, that was the Chinese TY to the Japanese TY. Just as GY had to be replaced by the Silver Yuan, so was the Old Chinese TY supplanted by the New Chinese TY. After VJ Day the Taiwan Yen ought to have remained stronger than the Japanese Yen of Japan Proper. For Formosa had suffered less destruction during the war than Japan and had had no reparation to pay. Yet, by the spring of 1949, whereas the official exchange-rate of the Japanese Yen was still 360 to one US Dollar, the Old Chinese TY slumped to 200,000 for one US Dollar—550 times as low as the Japanese Yen. Why? Because the Chinese take-over officials had since four years before been living off the country, milking the people for their savings, grabbing and wasting the industrial equipment and resources, and kept printing banknotes. Ostensibly they kept raising the exchange-rate of TY against CNC, then against GY, and finally against SY, only to deceive such careless observers as unaware of the varied tempo of inflation.

On June 15, 1949 Wei Tao-ming's successor, General Ch'en Ch'eng enforced the currency reform by pegging the Old TY at 200,000 for one US Dollar and the New TY at 5 for US\$1. The immediate market reaction was the abruptly sharp rise in commodity-prices again. By raiding so many underground banks the secret service men gained 20% or more of the confiscated funds, gold bars, and foreign currencies; the government kept the rest; but thousands of native Formosans, who had hitherto

had to concede every priority to Chinese customers either in making loans or in keeping deposits in authorized banks, were driven into destitution. Though over three hundred million worth of US currency had been shipped into the Island by the Central Government for safekeeping, yet the prevailing currency was not a bit strengthened.

### *Novel Ways of Extortion*

Just as currency-reform so has rent-reduction been utilized as channel for extortion. From the first harvest of 1949 the hitherto average 50% rent was reduced by governmental order to 37.5%. It has been the established agreement between landlords and tenants in Formosa, however, that in case of famine and drought, flood and typhoon, both parties would confer and decide to divide the crop on the 50-50 basis right on the field. In the years of abundance the tenants often get more than 62.5% while the landlords, less than 37.5%.

Therefore, in many cases Ch'en Ch'eng's rent-reduction means rent-increase. Worst of all, the government claims all surplus grain at the official price with the immediate result that the poor tenants have lost more than gained and that Formosa has thus been placed under the obligation to feed the whole KMT China.

Another racket whereby the KMT regime robbed farmers of their rice was accomplished through the manipulation of the exchange-rate of rice and fertilizer. Throughout 1949, though the international market-price of fertilizer per ton was US\$70 and that of rice US\$170 and one ton of rice ought to exchange for 2.43 tons of fertilizer, yet the KMT Government reversed the exchange-ratio to between 1.8 and 1.5 tons of rice for one ton of fertilizer, thus lowering the rice-price to US\$40 or so—less than 25% of the market price—or boosting the fertilizer-price to almost US\$300—more than 400% of the market price. In 1949 the KMT Government received 60,000 tons of fertilizer from ECA and purchased 60,000 tons from other sources and exchanged the total 120,000 tons of fertilizer for at least 180,000 tons of rice. The total rice-output of

Formosa in 1949 being 1,200,000 tons, with rents reduced to 37.5% as allegedly from the former 50% of each crop the tenants should have gained  $1,200,000 \times (50\% - 37.5\%) = 150,000$  tons — an amount even less than what the KMT regime got merely by exchanging the 120,000 tons of fertilizer for! In view of such enormous profits the Chinese authorities in Formosa have allowed no private firm or individual to import fertilizer directly from abroad. Thus, in effect ECA fertilizer in 1949 only helped refugee tyrants extort more rice from earnest Formosan farmers.

Similarly, though rents were reduced, taxes which the landlords have had to pay were often increased with the immediate result that many landlords, by getting smaller rents but paying higher taxes, have been driven to the verge of bankruptcy. Likewise, some land-owners who till their own fields often grow barely enough rice for their own consumption instead of seeing so much grain carried off practically free of charge.

Just as in China so in Formosa the decline and fall of the KMT Army and economy has been ascribed by its leaders to the shortage of US aid. Nevertheless, unless graft and waste, nepotism and despotism, technical incompetence and native antagonism be eliminated beforehand, no foreign aid can fill up the rathole. By the removal of the KMT Capital to the Island early last December was Formosa disguised as "China" and obliged to support KMT China. On December 21 Ch'en Ch'eng was replaced by K. C. Wu, whose fiscal budget of TY178,913,556 for 1950 was perforce pushed through the Provincial Council on December 24. On the previous day Ambassador Wellington Koo formally solicited further US assistance for Formosa, including military, political, and economic advisers. After all only ECA decided to carry on a bit longer.

Whereas in CCP China one soldier is supported by one hundred people, in KMT Formosa ten civilians, including young and old, men and women, have to feed one uniform man. The money Formosa has won to pay for the upkeep

of the Legislative and the Control Yuan alone has been about US\$300,000 per month. Besides, 59% of the military expenditure has to be borne by the Island. Since Taipeh was made capital, all new Formosan money bills for military purposes have been appropriated by the Bank of Taiwan. The New TY issue was then allegedly limited to 200,000,000. Up until January 31 the amount issued had reached 177,923,782.50, leaving a little margin for further issuance. Whether the Bank of Taiwan has actually kept a gold reserve of 637,442,681.00 oz. as alleged by itself, nobody can be sure.

### *New Rackets*

As the Lunar New Year approached in February, 1950, in the black market one US Dollar exchanged for TY10—twice as high as the official rate. To prevent further inflation, increase production, and curtail consumption on the one hand, and to provide administrative and military expenditure on the other, K. C. Wu started trying to make ends meet by:

- (1) Depositing military appropriations in the Bank of Taiwan in order to avoid the possibility of the money going into the black market and by transferring the deposits of all public utilities and government institutions from all other banks to the Bank of Taiwan.
- (2) Paying soldiers regularly and actually after eliminating any "paper troops" to be paid.
- (3) Assisting private industries and legitimate business and curbing smuggling.
- (4) Soaking the rich by the compulsory sale of Liberty bonds and charging high contributions for Chinese wanting to leave Formosa.
- (5) Selling government property, such as houses and land to private individuals.
- (6) Encouraging production by improving irrigation and increasing power supplies.
- (7) Sweeping upward revision of taxes.

In purpose intended for augmenting government revenue, these measures have been in effect enriching incumbents' pockets and diminishing civilians' sources of income—those of the Formosans in particular—and created more losses than gains in national economy as a whole.

In the first place, because the Bank of Taiwan has monopolized all big transactions, all other banks having branches throughout the local districts have been deprived of most of their best customers, namely, public utilities and government institutions. Moreover, because the Bank of Taiwan maintains branches only in big cities, public utilities and government institutions in small places have to waste time and money in contacting the Bank of Taiwan offices.

Secondly, unless superior officers have become honest enough to eliminate paper subordinates, no civil inspector—not even the governor himself—dare to check the rank and file. Even power inspectors dare not read meters inside any military establishment anywhere throughout China for fear of face-slapping. How much less dare any government clerk search after "paper troops"?

Thirdly, on assisting private industries and legitimate business men, those aided are mostly refugee-speculators and bureaucratic capitalists rather than native enterprisers. The great smugglers in KMT China having been well-known to be navy-and custom-officers themselves, who can censure and eliminate them?

Fourthly, who are the rich to be soaked through bond-sale? Mostly, house-owners and landlords, whose concrete evidence of wealth is visible, and whose great majority are native Formosans. How about those Chinese refugee millionaires with gold bars and foreign currencies shipped from China? Among those wanting to leave Formosa, most Chinese can manage to secure some official title so as to evade every sur-charge and bond-purchase, which not many Formosans can do.

Fifthly, by the sale of government property to private individuals there have been created more opportunities for graft

and embezzlement than any other channel. Any highest bidder in the open, unless he oils the backdoor of the auction-room, can never be sure of getting the commodity wanted. Contrary to this, Li Chien-hsing, who has been a close friend of every governor, recently bought a coal mine for New TY350,000, which in the free market was worth at least TY5,000,000!

Sixthly, encouraging production is meaningless if surplus output is taken away from producers practically free of charge. Likewise, if the officials in charge have to be oiled with buckets, the planned improvement of irrigation and increase in power supplies help neither the government nor the people. "No oil, no water; no bribe, no power," have many civilians complained.

Seventhly and finally, whether taxes are increased or reduced, special charges, emergency-donations, compulsory contributions, and the like, that have made their appearance one after another, have overburdened the people more than proper taxes.

### *Prospects, not Bright*

After all, every measure has been more easily said than done. First of all, taxes too heavy for many people to bear cannot be duly collected. According to the present Finance Commissioner Jen Hsien-ch'un, from the Taipeh area alone the taxes not yet collected for the year 1949 amounted to New TY11,000,000. (Surnamed Liu, father and son, allegedly because they had refrained from paying land-taxes equivalent to over 100,000 catties of polished rice, were recently sentenced to 3 and 4 years' imprisonment respectively.)

On May 12, 1950 Premier Ch'en Ch'eng reported before the Legislative Yuan that the annual expenditure of 1950 would exceed 300,000,000 silver dollars. Of this sum 85% would be spent for military purposes. The local government by collecting taxes, selling bonds and public property, and other ways would take up 144,000,000; the Central Government hoped to

get 60,000,000 out of customs and salt-taxes. As to the remaining 100,000,000, 3,500,000 oz. of gold from the National Treasury would be sold to maintain the balance of revenue and expenditure. As a matter of fact, because unable to collect enough salt-taxes, the KMT regime has been buying salt from manufacturers at TY30 a picul and selling at TY650!

Still harder has it been to maintain the balance of foreign trade. According to the official estimate, the annual exports of products of national enterprises would amount to US\$66,000,000; while the imports would amount to US\$100,000,000. Among the imported commodities US\$14,000,000 would be spent for munitions. Then there would appear an import-excess of US\$20,000,000. The import-excess of 1949 amounted to US\$19,000,000. The new aid of US\$40,000,000 would help maintain the balance this year. Yet Governor K. C. Wu said in May, 1950 before foreign correspondents that Formosa every month would need a military and economic aid of US\$10,000,000 but had received during the first four months of this year only US\$12,000,000. The new aid of US\$40,000,000 recently decided for the period from July 1, 1950 to June 30, 1951, if not followed by any more, would become a drop in the ocean.

As the KMT authorities decided on June 14 to issue New TY20,000,000 more, US notes had another jump—1 to 15, exactly the rate of August 15, 1945. On July 7 the government admitted the over-issue of 50,000,000 Yen. In view of the increasing financial pressure it is pertinent to envisage the recurrence of monetary inflation and economic despondence.

Without further US aid and earnest native cooperation, how much longer will the KMT economy hold out in Formosa? Before its total collapse, however, the status of Formosa might be decided by the UN General Assembly or the Japanese Peace Conference and change overnight. The New Deal will at once be followed by inauguration of new systems of public service, political economy, and productive industry. For the KMT the prospects are not bright but for Formosa not dark forever.

### III

## WHITHER FORMOSA?<sup>1</sup> HOPES AGAINST HOPE

### *The KMT Comeback*

On March 1, 1950 Chiang Kai-shek emerged from retirement to resume his presidency of the Republic of China cornered in Formosa. Evidently he believed in his ability to recover the lost territory once again as he did in 1945 on the ground that Washington would after all never let Formosa and China down; that World War III would certainly break out in his lifetime; and that US boats and planes would once more bring KMT "victors and conquerors" across the Formosa Strait though in the opposite direction. Man thinking according to his knowledge or his motive, in the summer of 1949 a Chinese refugee Taoist priest in the streets of Taipeh prophesied the outbreak of the next world war in six months' time. Another Chinese, a highly educated Youth Party Member, asserted in December, 1949 before the present author a 90% probability of the outbreak of the next world war within 1950; for the Democracies after 1950 would become hardly able to defeat the Communists, he argued.

On March 9, the newly-appointed Premier Ch'en Ch'eng in order to win the majority's support from the home-sick Legislative Yuan Members stranded in Formosa pledged to launch a counter-offensive on the Mainland within two months. If in him Chiang Kai-shek and his KMT adherents find the last trump-card left to play, it was tactless for him to venture any precarious move as he had once attempted in vain to retake Manchuria. Nor should he have committed himself to such a promise and divulged such a top military secret. Even though the anti-Communist world war might occur in Chiang Kai-shek's lifetime, it remains disputable as to whether the Formo-

---

1. In substance published in the *Far Eastern Economic Review*, Sept. 14, 1950.

san conscripts will fight for the KMT, whether the Chinese will greet him back again as a national hero as in 1945, and whether the Democratic Allies will accept his comradeship. Curiously enough, ten days before May 9—two full months from March 9 — Hainan was lost to the CCP and ten days thereafter the Chushan Archipelago was evacuated by the KMT troops.

The probability of Chiang Kai-shek's comeback is thus too slim to deserve any penetrating scrutiny, history not often repeating itself.

### *The CCP Invasion*

It is entirely by many other competing political forces that the possibility of the KMT comeback is vastly discounted. First of all, comes the CCP invasion of Formosa, the last stronghold of Chiang Kai-shek's KMT. In case of any successful CCP invasion, the KMT will go to ruin with its top-leaders forced 'out through the air. Just as the rank and file have lost their stomachs for fighting, so have those leaders kept no iota of their early revolutionary spirit. Old in mind they now crave ease and comfort. Once exiled abroad, they will go "White Chinese" dreaming back of their heyday. How can they agitate for any more revolution or organize any forlorn hope? For reviving such a hazardous life they find no able successors, either. Thus are KMT remnants bound to disappear like morning dews in the hot sun.

Most of the promising leaders of future China have either gone northward to join the CCP or turned away from KMT Formosa forever. The worsening weakness of the KMT as such adds to the growing strength of the CCP. However, though the CCP High Command has been preparing for the military invasion of Formosa, yet it will take years to build up sufficient fleets of transports and warships and still more years to train sufficient numbers of sailors and marines, fliers and parachutists. Thereafter they will have to be sure not only of effecting a successful landing but also of bringing every opponent to his knees;

failing which it will take still many more years to repeat the same adventure. Financially speaking, even the first compulsory bond-sale can not possibly defray the cost of the invasion.

Now that the United States Government has decided to neutralize Formosa from the KMT-CCP duel, it is very likely that the war situation across the Formosa Strait will for years remain a deadlock like the stagnation between Germany and Great Britain pending the active participation of their respective foreign allies. Yet each has been doing its utmost to bluff the other into silence: The CCP has been broadcasting their determination to liberate Formosa in 1950, which they call the year of complete national liberation; the KMT War Cabinet has been advertising its ability to launch a counter-offensive at the quickest moment. None the less time seems to work against the KMT unless the cold war change into a hot one between the Red and the White camps. For the CCP fighting forces are improving but the KMT troops are aging while the Formosan conscripts may "go slow" at any moment.

Meanwhile, dissension within either party as well as new complications in international politics may burst to the disadvantage of one or the other. Nevertheless, before the Chinese Reds build enough navy and air forces the KMT blockade and bombing have annoyed the industries, communications, and foreign trades of Red China. Formosa or no Formosa makes little difference to them now. But blockade and bombing with Formosa as the radiating centre and retention of the diplomatic seat in the United Nations have turned the beautiful island in East China Sea into the appendix of the Celestial Empire. Hence the growing seriousness of the Formosan menace, to which the CCP has been ascribing every misery of liberated China.

The sudden discontinuation of KMT military operations against China by Washington means a warning against any CCP attempt to invade Formosa. To the Reds the only way to liberate the Island is now to support both their own fifth columnists and the Formosan leftists in converting native inhabitants and changing the flag by overthrowing the KMT

regime through sabotage or rebellion, thus achieving conquest without bloodshed. Yet, unless such elements be competent for such difficult tasks and unless they be ready for a hot war against the democratic camp, any spectacular success as such is not within sight. Though the Formosans hate the KMT, yet they fear the CCP. For re-emancipation from Chinese bondage, they look to their native patriots who have been on their behalf demanding a plebiscite to determine the future status of their country. Thus like the KMT comeback the CCP invasion is not highly probable, only hoping against hope.

### *The New Party Absorption*

Whereas the Formosan patriots have since the unfair settlement of the February 28 Incident occupied one corner of the triangular struggle, the idea of organizing a new political party among the Chinese to replace the Nationalists and resist the Communists appeared only after Hsuchow fell and the KMT regime began to crack. But it did not become an open movement till after the publication of the White Paper that expresses its hope for the birth and growth of liberal forces in China. The encouragement, however, at once turned into an inducement to Chinese opportunists and mercenaries, who always outnumber patriots and mercenaries. Thus, according as the gap of feeling between Chiang Kai-shek and Li Tsung-jen grew, Hu Shih, T. F. Tsiang, Lai Lien, etc. in America representing Chiang's supporters began to talk about organizing the Chinese Liberal Party; while in the Canton and Hongkong region Li's adherents headed by Legislative Yuan President Tung Kwan-hsien speeded up their organization of the Democratic Progressive Party. To the new movement there have been attracted a number of Youth Party demagogues and Democratic Socialists led by Wu Hsien-tzu. Among all the anti-KMT political groups exiled in Hongkong, only this branch of the Democratic Socialists and the Formosan patriots have refrained from going north to join the Reds.

With Chiang's diehards entrenched in Formosa tremendous difficulties are facing the Formosan patriots to expel

the KMT at present. Nor will it be an easy task for them to repel the CCP in the future however enthusiastic they may be. None the less the shrewd Chinese political engineers never fail to take notice of their activities and aspirations. Nor can they ignore the value and need of absorbing them into their camp so as to keep Formosa attached to the China of their dream and inspire half-a-million Formosan youths to lead the van in their comeback campaign. Thus, unlike the arrogant KMT and the insolent CCP the new partisans adopt a soft, persuasive attitude towards the islanders. When an attempt to amalgamate the two new parties appeared, emissaries approached leaders of the Formosan League for Re-Emancipation in Tokyo and Hongkong, outright promising autonomy of the highest possible degree. In response the Formosans demanded the organization of a provisional government of the Formosan Free State pending the Japanese Peace Conference and the holding of a plebiscite thereafter which they never give up in their parleys with agents from any Chinese party, old or new.

Meanwhile, by Chiang's resumption of the presidency Acting President Li before returning from recuperation in America was deposed, till their hidden friction became an open contest and liberals of Chiang's faction drifted apart from Li's following. As the traditional conflict in the North between "native-born" and "foreignized" Reds is also growing steadily, Li is now projecting his hope to rally all liberal, nationalistic elements from CCP China. But to organize a new party competent for such a gigantic task is not easy at all.

Immediately after the neutralization of Formosa from the KMT-CCP duel by President Truman's new policy announcement on June 27, 1950 the KMT turned desperate. Like a drowning man catching a straw its agents began suddenly to question the jailed Formosan patriots and feel out their exiled leaders with a view to placing Formosa under a native leader acceptable to all sides concerned. From now on until and unless a hot war break out, their armed units will be bottled inside Formosa and remain "frozen" toward China. They have come to know their days are numbered; for without

further US aid and earnest native support their economy will soon collapse and be followed by their administrative deterioration. Should they soak and oppress the resentful Formosans too much, they might provoke another rebellion. In the meantime, they hope to suffer neither revenge nor persecution. So they have offered to compromise. Yet they still want to retain Chiang Kai-shek's presidency and KMT overlordship as ground for paving the route to their comeback campaign, which no Formosan Free State will tolerate under its jurisdiction.

### *Foreign Occupation*

In case either SCAP or any UN Commission occupy Formosa, the exiled KMT regime will have to quit, too. Back of the Allies' occupation there is ample reason as well as military strength. In the first place, the Cairo decision being not final, the legal status of Formosa remains undecided pending the peace conference and therefore neutral, wherefore Formosa is entitled to be saved and neutralized from the Chinese civil war by the Allies. Secondly, the Cairo decision having become impracticable since the Russian occupation of Manchuria, which the Japanese had actually stolen from KMT China, the United States and Great Britain, co-signatories to it, have the right to include Formosa into a security zone by removing the KMT officialdom from it. Thirdly, the Cairo decision to hand Formosa to China having been invalidated by the KMT inability to hold out against Red expansion, the Allied Forces have the right to hold Formosa—still an international soil—against any hostile expansionists from outside.

On the contrary, military occupation of the Island by either SCAP or UN might arouse undesirable emotional reactions. First of all, the Formosans want no colonial system replacing another nor any territorial change against their wishes unless the occupation and trusteeship lead to complete independence. Likewise, the KMT officialdom, unless granted the residential right, will resent foreign interference. Moreover, the CCP and its foreign allies will find the more propaganda material for anti-Democratic agitation.

By and large it is the Chinese refugees stranded in Formosa and lower-ranking KMT supporters who have been praying for foreign occupation and a UN mandate more than anyone else. For they anticipate both CCP persecution and Formosan revenge. When under neutral authorities they can hope for the same justice, which, ironically enough, they have been denying the native inhabitants. Enjoying foreign protection, they will bide their time and plot comeback measures as they used to do in foreign concessions in the treaty ports and are now doing in Hongkong and Macao. For the present security and future prosperity they do not mind exchanging the administrative for the residential right.

For holding Formosa against the CCP native leadership counts more than refugee tyranny. The Allies will then have to replace KMT overlords with native patriots, which is prevention; to aid Free Formosa after the outbreak of World War III is cure, whose success is not sure. As the Allies' policy toward Formosa owing to its wrong start and unjust decision at Cairo has been slow and cautious like that after the Italian conquest of Ethiopia and German dismemberment of Czechoslovakia, though within few hours their troops can complete military occupation of the Island, yet their action, strongest of all political forces as it is, still remains one of so many.

### *Native Rebellion*

Against KMT tyranny and robbery are the native Formosans ever-anxious to rebel. During the February 28 Incident their rising was provoked and therefore ended in a failure. The folly never will recur: Unless sure of success, they deem it unwise to provoke any hot war. In case they succeed, the KMT will be blown to pieces like Emperor Maximilian overthrown by the Mexicans with the immediate result that Formosa will regain its independence lost in 1683 and 1895—at most through the formality of holding a plebiscite under neutral observation. Owing to the lack of financial and military strength, a successful rebellion is not within sight, either.

All in all, Formosan revolutionaries began unarmed and practically penniless, which has astonished sympathizers but has been ridiculed by both mercenaries and adversaries. While with neither arms nor alms, they are true to their conscience and sure of popular support. That is why they possess boiling hearts and itching palms and can maintain their spirits of enthusiasm burning with patriotic zeal and surging through their bodies and souls. As among other down-trodden peoples so among the Formosans in the beginning stage patriots sprouted like weeds, leaders budded like mushrooms, and groups grew like tea-groves. There was no thorough regimentation, no concentrated leadership, and no highly unified organization, although, to start with, the Formosan people, far better trained and regimented than any nation on the Asiatic Continent, are united in the will to freedom.

Besides conscience and popular support from within, time and world opinion, too, add to their strength. Practically all foreign sympathies are for the underdogs—particularly for those who dare to stand up for their right and offer stubborn resistance like the Filipinos repeating losing battles with the Spaniards, the Americans, and the Japanese. Should the Formosans succeed in creating an accomplished fact of self-liberation, then even the United Nations would immediately let the people determine their own destiny.

As to time, all Formosan patriots in age begin exactly where the KMT tyrants in Formosa end; for the oldest Formosan revolutionary leader is younger than the youngest KMT overlord. As the contest drags on, the junior team growing in intelligence and experience and improving in regimentation, organization, and leadership will eventually triumph over the old men falling out or dying off one after another. Of the rising generations among the Formosans, the conscripts will master new weapons; the fugitives will import new ideas. When the zero hour strikes, will they fight the CCP for the KMT or the KMT for *Ilha Formosa?* Hence the ever-haunting horns of the KMT dilemma between native cooperation and rebellion.

*Natural Selection and Social Elimination*

The basic cause of the speedy and spectacular collapse of the KMT Army and economy in China has been the lack of public spirit on the part of so many public administrators it has turned out. Self-seeking by nature, they have been forming juntas for augmenting private interests at the sacrifice of public welfare. Weak and coward, they are afraid of opponents and critics; incompetent but still arrogant, they are jealous of talent and worthies. So much so that since they gained the reins of government with arms in 1928 they have absorbed little fresh blood. On the present list of their top-ranking political and military leaders, for instance, the great majority already played their best roles two or more decades ago, have been declinnig since, and cannot keep up with time and tide. The rank and file, having efficiently fought the Northern Warlords between 1926 and 1928, were no longer good against the Japanese, much less against the Communists. The political workers they trained during wartime have been good only for havoc and commotion but not for reconstruction and rehabilitation. The Allies, who saved them from the Japanese conquest, will similarly help them against their Communist rivals, they are hoping. The whole party is now one of decrepit men and infirm crooks.

Just because they ignored the principle of natural selection and the function of political metabolism, they refused to eliminate invalids and undesirables from their active list, till the whole group still including no doubt a number of healthy elements was wiped out from China. Though they inaugurated the so-called KMT Reformist Committee on August 5, 1950, including a Formosan Lien Chen-tung among its 20 top members, yet both physically and mentally every reformist is a weak, mediocre character craving nothing but ease and comfort!

Now sheltered in Formosa, the more they awake to the value and need of selection and metabolism, the more vacancies and concessions they have to offer the Formosans. Especially with sources of man-power cut off, they have to replace their

own invalids with healthy natives, till the tail will wag the dog: Wherever there is one less Chinese, there comes in one more Formosan. If 35,000 natives be conscripted and armed annually according to their plan, in a few years' time the balance of power will be tipped in favour of the Formosans.

Glancing over the past five years' records, we find no Formosan among the top-ranking incumbents under Ch'en Yi; 7 out of 15 under Wei Tao-ming and Ch'en Ch'eng; and 17 out of 23 under K. C. Wu plus one Cabinet Minister though without Portfolio, Ts'ai P'ei-huo, whose rank and right the KMT has meant for justifying the duty of every ten Formosans to feed one Chinese soldier. And, in the recent losing battle with Governor K. C. Wu the Formosans dared to demand his replacement with a native. Come what may, a growing number of Formosans are planning to offer a native candidate for the presidency of the Republic of China in the 1954 election provided that the status quo last till then and thereafter. If not in 1954 then in 1960, it will be no surprise to find a Formosan popularly elected President of "China impersonated by Formosa."

By 1960, there may have been armed 350,000 native Formosans, most of the KMT top-leaders will have passed out of the political scene, those Chinese children born and raised in Formosa will have become assimilated. Now Ch'en Ch'eng's War Cabinet with its youngest member about fifty years of age calls itself a youth cabinet. Yet in function it is something of an asylum for the aged; for anyone active in dictatorial administration continuously for 20 years is aged, be he 50 or 70. By 1960 hardly any of them will remain good for the new era.

In short, just as the Chinese crowded out the Mongol conquerors within one century (1279-1368) and absorbed the Manchu invaders in two (1644-1912), so will the Formosans eliminate the Chinese refugees in one decade of the status quo. Should recourse to arms become the only alternative for native re-emancipation, the Formosan patriots would most probably by 1960 have overthrown the KMT tyranny as the KMT de-throned the Manchu Monarchy in 1911.

Amidst the above competing forces the only ray of hope for the KMT comeback and renaissance is again the earliest outbreak of the next world war, so that after "victory" democratic planes and boats might promptly carry the refugees across the Formosa Strait. That ray of hope, however, is only one against five stronger contestants. When will the next great war burst out? Within 1950? Certainly not. In 1951? Not, either!



## IV

### FORMOSA'S DEMAND FOR INDEPENDENCE<sup>1</sup>

Though the legal status of Formosa remains undecided pending the conclusion of the peace-treaty with Japan and its eventual separation from China, the Chinese have claimed the Island to be China's recovered territory and denied the native Formosans their right to self-determination and independence. To the KMT, the country is too rich to be lost; to the CCP, it is a place where Moscow wants to spread the red curtains over the Western Pacific with Formosa as the first outpost. Bitter enemies as they are, they have advanced such implausible arguments against Formosan independence on the bases of racial affinity and historical contiguity, geographical proximity and economic interdependence.

*Racially*, they maintain that because the native Formosans are Chinese in blood Formosa is inseparable from China. As a matter of fact, non-Chinese aborigines including the assimilated ones number almost one tenth of the total population. As to the rest, though Chinese blood dominates, constant absorption of Dutch, Spanish, and Manchu elements in the remote past and of Japanese immigrants in the recent time through intermarriage is indisputable. Thus, in both race-psychology and physical appearance the native Formosans have become as different from the Chinese as—if not more than—the Americans are from the English and the Brazilians from the Portuguese. Even the same race can segregate into different nations just as several races often combine into one nation. To uphold any lofty idealism the Chinese might as well advocate the establishment of a world-federation since all nations and all peoples are traceable to the same ancestry. In view of common sense realism, they must discard their inverted form of aggressive expansionism and

---

1. In substance published in the *Far Eastern Economic Review*, Oct. 19, 1950.

never revive any dream of colonial reconquest by denying the Formosans the right to self-determination. Nearly seven million (minus the refugees) in population and next only to Japan throughout Asia in industrial development, Formosa houses a people of over 90% literacy, well-regimented and law-abiding. Therefore, if the Formosans, possessed of all essential requirements for forming an independent nation, want complete independence, they have the right to struggle for it.

***Historically***, Formosa was part of China in the past and must, therefore, become part of China at present and in the future, both the KMT and the CCP argue. As a matter of truth, prior to the Dutch occupation of Formosa in 1624 the Chinese had neither claimed any suzerainty nor exercised any sovereignty over the country. Following the mass-influx of Ming patriots into the Island under the leadership of Koxinga and his successors, Formosa became a sovereign State from 1661 to 1683 when China formed the bulk of the new Manchu Empire. Between China and Formosa there was constant feud, war, and bloodshed. From 1683 to 1895 Formosa fell under Manchu conquest and from 1895 to 1945 under Japanese rule, during which period of history there occurred "one rebellion every five years and one disturbance every three years" in the continuous struggle for liberty and prosperity. In 1895 the Formosans even declared independence to defy the Manchu betrayal and resist the Japanese invasion. Thus, Formosa has never been part of the Republic of China. If she is under no obligation to become part of China now, but, instead, wants complete independence, she has the right to such self-determination.

***Geographically***, they argue, Formosa being a small island lying close to the continental mainland of China, should not be separated from China but become part of it by force of nature. To be sure, from 80 to 200 miles in width ranges the Formosa Strait, which thus makes a natural national boundary comparable to the Pyrenees and the Rhine, not to mention the Chinese Great Wall. Besides, it was not any Chinese expeditionary

forces that crossed the Strait by themselves, effected a successful landing on the Formosan coast, and brought the Japanese garrisons to their knees, and thus recovered the lost territory across the border by military conquest; but US men-of-war and planes that brought the first groups of Chinese take-over officials and occupation forces into the Island by diplomatic favour. Therefore, the Formosans reserve a reciprocal right to ask the US forces to oust those robber-officials and bandit-soldiers. Worst of all, any argument that a small country adjacent to a big one has no right to independence justifies only barbaric imperialism. The Chinese, who claim to have eradicated the last vestige of foreign imperialism from their own soil, have no right to revive any barbaric imperialism as such.

*Economically*, the Chinese assert not only the interdependence of China and Formosa but even the dependence of Formosa on China. On this ground, also, they deny the Formosan right to independence. In fact, the rehabilitation of Formosan industries and the reconstruction of the Formosan economic system is much too great a task for the Chinese to accomplish. First of all, China is too poor to revive her own industries, not to mention Formosan industries. Formosa has more industrial plants than China minus Manchuria; the total length of modern highways in Formosa exceeds that in China. Secondly, China has insufficient personnel for the task of reviving Formosan industries the more so because the take-over officials, corrupt and incompetent, jealous and arrogant, have failed to make use of native talent, while ignoring the fact that Formosa has as many doctors and engineers as the whole China has. Thirdly, the agricultural products and industrial raw materials, with rare exceptions, of China and Formosa fail to supplement each other but, instead, compete always and everywhere. Finally, the economic and industrial systems of Formosa as regimented by the Japanese were so tightly tied with the Japanese systems that the efficient transfer of the linkage from Tokyo to Nanking lies far beyond the technical and financial ability of the present-day Chinese administrators.

Nevertheless, the KMT and the CCP abhor the loss of Formosa. Not that China and Formosa are economically interdependent, but that the Chinese hate the loss of the almost inexhaustible enemy property and natural and industrial resources in Formosa. In other words, dependent upon Formosa for their own wealth, livelihood, and security, certain self-seeking Chinese, the KMT officialdom above all, cannot tolerate Formosan independence. On the contrary, the Formosans, if sure to achieve economic self-sufficiency and unable to tolerate Chinese exploitation, naturally want independence.

Nevertheless, both the KMT and the CCP, demanding the wanton sacrifice of Formosan rights and interests to the altar of their duel, have justified the necessity of Formosan acquiescence in Chinese misrule on the common-fate basis and the establishment of Chinese autocracy on the native-disqualification principle. As a result, they have sucked Formosan blood but lost Formosan hearts.

The Formosans now want to govern themselves and direct their own destiny. Not that they are revolting against China, but that the Chinese in Formosa, as represented by the worst types of scoundrels, have deserted them. With their group-consciousness growing into Formosan Nationalism, neither Chinese-made nor Japanese-imported, the Formosan patriots now want complete independence through a plebiscite under neutral supervision in accordance with the principle and practice of self-determination and democracy, failing which recourse to military forcee will be the only alternative.

On the following grounds are based their historical claim to independence and basic human right to self-determination:—

(1) *The Cairo decision to hand Formosa to China was internationally dictatorial and is therefore not to be recognized.* In spite of the provision by the Atlantic Charter prior to the Cairo Declaration for the free expression of popular wishes in case of any territorial change, the Cairo Conference entirely ignored the Formosans' wishes by handing the Island to China. Since people are not chattel to territory nor serfs to land but

human beings with free wills, their wishes should be duly respected, the land they inhabit having no will. The inhabitants of Alsace-Lorraine, having evidently enjoyed the same liberty, the same equality, and the same fraternity as the rest of the Frenchmen, are happy under French rule. But just as under Japanese rule so under Chinese rule have the Formosans been oppressed, exploited, and discriminated against and consequently made unhappy. Therefore, if the Formosans now want independence, they must have reserved the right to it and must be given a chance to express their wishes freely.

(2) *The Cairo decision to return Formosa to China was technically erroneous.* In 1895 the Japanese occupied with brutal force the Island of Formosa taking it neither from the Manchus nor from the Chinese, neither from Chiang Kai-shek nor from Mao Ts'e-tung, but from the native Formosans, who defied the Manchu decision, resisted the Japanese invasion, established the independent Formosan Democratic Republic, and fought the Japanese through fifteen armed rebellions in half a century. Therefore upon their surrender the Japanese should have returned Formosa to the Formosans. If the Formosans want to regain their independence after the Japanese surrender, they certainly have the right to it.

(3) *The Cairo decision was unjust in selling the Formosans' hereditary rights and interests* down the river to Chinese warlords, whose regime of terrorism and dictatorship the Formosans loathe. Though the Atlantic Charter respects all peoples' right to choose the form of government under which they will live, the form of government under which the Cairo Conference decided to place the Formosans has been and will be the worst type of Chinese despotism, whether KMT or CCP. What the Formosans choose to live under is the best type of democracy. Since unable to establish it throughout China, the Formosans want it in Formosa at least. For this purpose they have to break away from China and declare independence.

(4) *The Cairo decision is no longer applicable.* Since VJ Day the Russian occupation of Manchuria, which the Japanese

actually stole from China in 1931, has already annulled it and set a precedent regarding the unapplicability and impracticability of the arbitrary commitment. If the Cairo Conference ignored Formosan wishes in the past, the Formosans have the right to ignore the Cairo decision to hand the Island to China, but, instead, declare independence. Similarly, if US ships and planes brought the first groups of bandit-soldiers and robber-officials into Formosa, the Formosans can by right ask the US Government to help get them out.

(5) *The Cairo decision is not final.* Since VJ Day and before the peace conference for Japan Formosa has been put de facto under temporary Chinese trusteeship only, but de jure under the Far Eastern Commission. Technically it is still part of Japan; theoretically it is an "international soil" and therefore "neutral." Therefore, as the Chinese Central Government moved there it is without a people or territory and should be considered as an exiled government. The recent removal of the KMT Capital to the Island reveals their persistent intrigue to engulf the international soil of Formosa into China's civil war more evidently than their utilization of the Island as base for blockading the Chinese coast has done—an unmanly struggle which amounts to an open violation of the International Law of Neutrality. During the indecisive period the Formosans have the right to make all necessary preparations for independence so as to accomplish it as early as possible.

(6) *The Cairo decision is no longer valid.* Since the fall of Nanking and Shanghai the worsening inability of the KMT regime to hold out against red expansion in China and invasion of Formosa has invalidated the Cairo decision to hand the Island to China. Instead, the United States and Great Britain, co-signatories to it, who were also co-authors of the Atlantic Charter and have been leading champions of democracy, have the right to get the KMT officialdom out of it and treat Formosa as a security zone inside the democratic defence line in the Western Pacific. Because strategically the Island may be regarded as the Malta of the Western Pacific where no de-

fence system can be complete with Formosa being held by hostile or incompetent elements. The CCP, taking orders from Moscow, is hostile to the Democracies; the KMT, rotten to the core and disliked by native Formosans, is incompetent to keep off the CCP. Wanting democracy in Formosa, the Formosans also want to join the democratic defence system and any Non-Communist Pacific Union. If China fails to keep Formosa within the democratic orbit, Formosa as a measure of self-defence and of consolidating the collective security of the democratic nations has the right to declare independence.

(7) *China by her administrative failures in Formosa has automatically forfeited her claim to it if any.* For over five years after VJ Day the Chinese take-over officials and occupation forces have been preaching fraternal reunion but practising colonial conquest and committing such political outrages as extortion and oppression, discrimination and exploitation, kidnapping and massacre, which has killed all Formosan loyalty and enthusiasm. Such misrule has disqualified China as a trustee power in the Far Eastern Commission. If any trustee power has lost her qualifications, the mandated territory should be entitled to a change for better rule. There is no reason, legal or moral, why the democratic nations should support refugee tyranny over the down-trodden natives. Nor can there be any ground for the US Government, whose people have been traditionally sympathetic with colonial revolts and aspirations for self-determination and independence, to help the "Maximilian" against the "Mexican." Therefore, when the Formosans want to replace misrule with home rule, they have the right to declare independence in accordance with their freely expressed joint-wishes.

(8) *Because Communist-dominated China has become a vassal to Russia, Formosa in order to evade Red vassalage and preserve national freedom has to break away from China and declare independence.* The CCP, whose expansion the corrupt KMT has failed to prevent, is not only more tyrannical and destructive than the KMT but even subservient to the Third Internationale and traitorous to the Chinese nation. Afraid of

native mutiny, the Chinese Government in Formosa dared not arm the brave Formosans and thus disabled them to participate in the anti-Communist campaign. They may bluff and claim to have converted the Island into a citadel and placed it under a liberal provincial government so as to milk the United States for more money. Yet their troops being good for looting but not for fighting, entombing rather than entrenching themselves along the Formosan coast, the paper-made tiger will collapse before the invading Reds unless strengthened by native co-operation and further foreign aid. Among the native Formosans there are at least half a million high-spirited, able-bodied young men, who, when well-armed and-led, and, above all, under an independent native regime, will fight to the last man to defend their own country against Red invaders but not for the KMT overlords. They must first of all achieve political independence and secure spiritual liberty and material prosperity in order to keep the CCP off their native Island at present and in the future help liberal elements of China re-emancipate themselves. In other words, China has gone "Vichy," Formosa must go "Free"!

(9) *Juridically the Chinese Government in Formosa is not entitled to function any longer.* Formosa remaining an "international soil," the Chinese Government sheltered there is an ejected regime and has no right to administer the state affairs of the country. On June 27, 1950 even President Truman of the United States of America openly declared that the present status of Formosa remains undecided pending the United Nations consideration or the Japanese Peace Conference. If the general well-being of the seven million Formosans outweighs the personal interest of one Chiang Kai-shek, the refugee KMT tyranny must be replaced by an international administrative committee appointed by the United Nations pending the holding of a plebiscite for independence. To justify such an unjust action as committed at Cairo is irrational; to declare the present status of Formosa undecided but continue recognizing the refugee tyranny there is self-contradiction.

(10) *In industry and population, cultural advancement and social organization Formosa is comparable with the majority of the independent nations in the present world and therefore deserves to become independent.* If there appear any international administrative committee to take over the government units from the ejected Chinese regime, it must be a temporary one. For any permanent trusteeship implies the disqualification of the inhabitants for independence and the consequent revival of colonial rule, against which the Formosans have been fighting for three odd centuries. As the provision of the United Nations Charter in Article 76 aims to promote the advancement of a qualified people towards independence, the Formosans must be given a chance to freely express their wishes for independence and thereby determine their own future destiny.

In short, China, guilty of tyranny and robbery, genocide and incompetence, in Formosa has no right to colonial reconquest and territorial recovery of Formosa; Formosa, betrayed by Cairo and estranged by China, has the right to self-determination and independence.

## MAIN WORKS BY THE SAME AUTHOR

### ENGLISH:—

THE INDIVIDUAL AND THE COMMUNITY. HISTORICAL ANALYSES OF THE MOTIVATING FACTORS OF SOCIAL CONDUCT

THE COMPLETE WORKS OF HAN FEI TZU (Eng. Trans. from the Chinese)

### IN PRINTING:—

HAN FEI TZU, THE CROWNING GLORY OF CHINESE LEGALISM

THE STORY OF CHINESE PHILOSOPHY: A HISTORICAL SURVEY OF ORIENTAL LIFE-VIEWS AND WORLD-OUTLOOKS

ROMANCES OF ANCIENT CATHAY (Eng. trans. from the Chinese)

### READY FOR PRINTING:—

FORMOSA, PAST AND PRESENT

### CHINESE:—

COMPARATIVE CIVIC TRAINING

A DISCOURSE ON POLITICAL PSYCHOLOGY (Chinese Trans. from the Japanese)

STUDIES IN THE PHILOSOPHY OF LIFE

AN ESSAY ON POLITICO-MEDICAL SCIENCE

### FRENCH:—

QUO VADIS FORMOSA?

L'ÉPOPEÉ CHINOISE À FORMOSE: LES PREMIÈRES GUERRES DE LIBÉRATION